



FY2020 Preliminary Fiscal Plan

Financial Revisions on May 14, 2019

Today's Agenda

- Police and Fire Pension Update
- Proposed Adjustments to the Preliminary Fiscal Plan
- Commission inquiries that required follow-up
- Follow-up on Parking Rates



Police and Fire Pension Valuation Report

- Review of the Draft report is included on the published agenda of the Police Fire Pension Board for May 15, 2019.

Police and Fire Pension Rate Update

Annual Actuarial Valuation dated December 31, 2018*

	FY2020 Preliminary Plan Pension Rates	FY2020 Updated Pension Rates	% Change
FY2020	25.17%	24.95%	-0.22%
FY2021	25.60%	28.02%	2.42%
FY2022	24.97%	29.99%	5.02%
FY2023	24.28%	30.88%	6.60%
FY2024	24.28%	31.68%	7.40%

- Less than expected investment return
- More retirements than anticipated

* 18 month implementation schedule

General Fund Forecasted Fund Balance

Preliminary Fiscal Plan presented April 23, 2019

GOF 5 X 5					
	FY2020	FY2021	FY2022	FY2023	FY2024
Beginning Fund Balance	\$ 31,991,518	\$ 32,768,273	\$ 31,893,990	\$ 28,162,566	\$ 25,070,096
Revenue	\$ 149,711,547	\$ 152,723,340	\$ 154,955,171	\$ 158,185,226	\$ 161,922,101
Expenditure	\$ 148,934,792	\$ 153,597,623	\$ 158,686,595	\$ 161,277,696	\$ 163,559,628
Surplus (Deficit)	\$ 776,755	\$ (874,283)	\$ (3,731,424)	\$ (3,092,470)	\$ (1,637,527)
Ending Fund Balance	\$ 32,768,273	\$ 31,893,990	\$ 28,162,566	\$ 25,070,096	\$ 23,432,569
Unassigned FB %	22.0%	20.8%	17.7%	15.5%	14.3%

Policy Unassigned FB%: 15%

General Fund Forecasted Fund Balance

Proposed Revisions

GOF 5 x 5					
	FY2020	FY2021	FY2022	FY2023	FY2024
Beginning Fund Balance	\$ 31,991,518	\$ 34,842,654	\$ 34,975,660	\$ 31,096,583	\$ 27,429,180
Revenue per Prelim Fiscal Plan	\$ 149,711,547	\$ 152,723,340	\$ 154,955,171	\$ 158,185,226	\$ 161,922,101
Income Tax Revenue Adjustment	\$ 1,084,685	\$ 1,117,226	\$ 1,150,743	\$ 1,185,265	\$ 1,220,822
Proposed Revised Revenue	\$ 150,796,232	\$ 153,840,566	\$ 156,105,914	\$ 159,370,491	\$ 163,142,923
Expenditure per Prelim Fiscal Plan	\$ 148,934,792	\$ 153,597,623	\$ 158,686,595	\$ 161,277,696	\$ 163,559,628
Police & Fire Pension Adjustment	\$ (595,448)	\$ 577,777	\$ 1,790,176	\$ 2,518,694	\$ 2,893,409
Other Proposed Adjustments	\$ (394,248)	\$ (467,840)	\$ (491,780)	\$ (758,496)	\$ (761,748)
Proposed Revised Expenditures	\$ 147,945,096	\$ 153,707,560	\$ 159,984,991	\$ 163,037,894	\$ 165,691,289
Surplus (Deficit)	\$ 2,851,136	\$ 133,006	\$ (3,879,077)	\$ (3,667,403)	\$ (2,548,366)
Ending Fund Balance	\$ 34,842,654	\$ 34,975,660	\$ 31,096,583	\$ 27,429,180	\$ 24,880,814
Unassigned FB %	23.6%	22.8%	19.4%	16.8%	15.0%

Policy Unassigned FB%: 15%

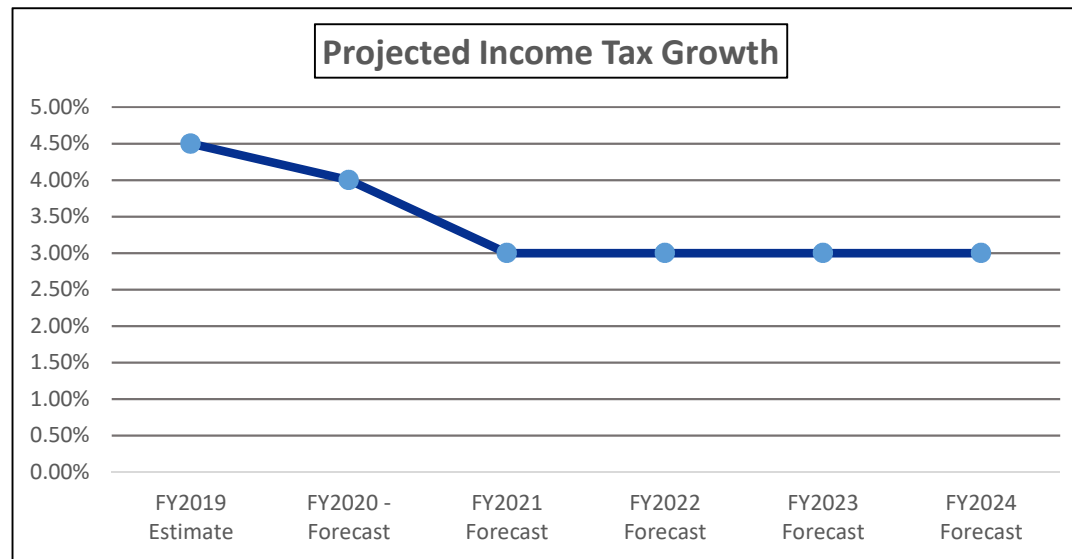
Summary of Proposed Expenditure Deferrals

Department	Description	FY2020	FY2021	FY2022	FY2023	FY2024
PERSONNEL						
Planning	Administrative Analyst I	\$ (105,180.00)	\$ (114,228.00)	\$ (123,240.00)	\$ (129,744.00)	\$ (131,064.00)
Budget Ofc	Budget Analyst Level A	\$ (109,764.00)	\$ (119,016.00)	\$ (128,604.00)	\$ (135,144.00)	\$ (136,440.00)
Str Light/ESD	Senior Electrical Engineer	\$ (62,304.00)	\$ (67,596.00)	\$ (72,936.00)	\$ (76,608.00)	\$ (77,244.00)
		<u>\$ (277,248.00)</u>	<u>\$ (300,840.00)</u>	<u>\$ (324,780.00)</u>	<u>\$ (341,496.00)</u>	<u>\$ (344,748.00)</u>
CAPITAL						
Fire	Division Fire Station-Design & Engineering	\$ (200,000.00)	\$ -	\$ -	\$ -	\$ -
Fire	Division Fire Station-Debt Service	\$ -	\$ (504,000.00)	\$ (504,000.00)	\$ (504,000.00)	\$ (504,000.00)
Parks & Rec	MLK Park Lodge-Cash Funding ¹	\$ -	\$ 800,000.00	\$ -	\$ -	\$ -
		<u>\$ (200,000.00)</u>	<u>\$ 296,000.00</u>	<u>\$ (504,000.00)</u>	<u>\$ (504,000.00)</u>	<u>\$ (504,000.00)</u>
OTHER						
Executive	Energy/Climate/Sust/PM Contract Svcs	\$ (67,000.00)	\$ (67,000.00)	\$ (67,000.00)	\$ (67,000.00)	\$ (67,000.00)
61D Court	61st District Court General Fund Subsidy	\$ (50,000.00)	\$ (50,000.00)	\$ (50,000.00)	\$ (50,000.00)	\$ (50,000.00)
Income Tax	Temporary Staffing	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -
Comptroller	Temporary Staffing	\$ (50,000.00)	\$ (50,000.00)	\$ (50,000.00)	\$ (50,000.00)	\$ (50,000.00)
Gen Admin	Appropriation Lapse	\$ -	\$ -	\$ -	\$ (250,000.00)	\$ (250,000.00)
		<u>\$ (117,000.00)</u>	<u>\$ (167,000.00)</u>	<u>\$ (167,000.00)</u>	<u>\$ (417,000.00)</u>	<u>\$ (417,000.00)</u>

¹Final investment contingent upon private commitments and partnerships

Other Proposed Adjustments

- ✓ FY2020 projected income tax growth increased from 3.0% to 4.0%
- ✓ Capital Reserve income tax set-aside decreased from 4.5% to 4.25%



Capital Reserve Fund Forecasted Fund Balance

Preliminary Fiscal Plan presented April 23, 2019

Capital Reserve Fund 5 x 5					
	FY2020	FY2021	FY2022	FY2023	FY2024
Beginning Fund Balance	\$ 2,644,207	\$ 795,702	\$ 557,365	\$ 852,459	\$ 1,724,396
Revenue	\$ 13,341,763	\$ 13,652,316	\$ 14,181,871	\$ 14,284,654	\$ 14,534,874
Debt Service Expenditures	\$ 7,138,069	\$ 7,582,030	\$ 6,093,461	\$ 5,923,225	\$ 6,260,995
Capital Expenditures	\$ 7,606,101	\$ 5,861,200	\$ 7,344,540	\$ 7,039,335	\$ 9,334,268
Cemetery Repairs	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000
Other Transfers	\$ 54,775	\$ 54,775	\$ 54,775	\$ 54,775	\$ -
A-87 Cost Allocation Charge	\$ 66,323	\$ 67,649	\$ 69,002	\$ 70,382	\$ 71,790
Surplus (Deficit)	\$ (1,848,505)	\$ (238,338)	\$ 295,094	\$ 871,937	\$ (1,457,179)
Ending Fund Balance	\$ 795,702	\$ 557,365	\$ 852,459	\$ 1,724,396	\$ 267,217

Capital Reserve Fund Forecasted Fund Balance

Proposed Revisions

Capital Reserve Fund 5 x 5					
	FY2020	FY2021	FY2022	FY2023	FY2024
Beginning Fund Balance	\$ 2,644,207	\$ 803,469	\$ 71,132	\$ 666,286	\$ 1,832,164
Revenue per Prelim Fiscal Plan	\$ 13,341,763	\$ 13,652,316	\$ 14,181,871	\$ 14,284,654	\$ 14,534,874
Income Tax Revenue Adjustment	\$ (192,233)	\$ (198,000)	\$ (203,940)	\$ (210,059)	\$ (216,360)
Proposed Revised Revenue	\$ 13,149,530	\$ 13,454,316	\$ 13,977,931	\$ 14,074,595	\$ 14,318,514
Debt Service Expenditures	\$ 7,138,069	\$ 7,582,030	\$ 6,093,461	\$ 5,923,225	\$ 6,260,995
Debt Service Adjustment	\$ -	\$ (504,000)	\$ (504,000)	\$ (504,000)	\$ (504,000)
Proposed Revised Debt Service Expenditures	\$ 7,138,069	\$ 7,078,030	\$ 5,589,461	\$ 5,419,225	\$ 5,756,995
Capital Expenditures	\$ 7,606,101	\$ 5,861,200	\$ 7,344,540	\$ 7,039,335	\$ 9,334,268
Capital Expenditures Adjustment	\$ (200,000)	\$ 800,000	\$ -	\$ -	\$ -
Proposed Revised Capital Expenditures	\$ 7,406,101	\$ 6,661,200	\$ 7,344,540	\$ 7,039,335	\$ 9,334,268
Cemetery Repairs	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000	\$ 325,000
Other Transfers	\$ 54,775	\$ 54,775	\$ 54,775	\$ 54,775	\$ -
A-87 Cost Allocation Charge	\$ 66,323	\$ 67,649	\$ 69,002	\$ 70,382	\$ 71,790
Surplus (Deficit)	\$ (1,840,738)	\$ (732,338)	\$ 595,154	\$ 1,165,878	\$ (1,169,539)
Ending Fund Balance	\$ 803,469	\$ 71,132	\$ 666,286	\$ 1,832,164	\$ 662,625

Financial Revisions on May 14, 2019

Discussion

Commission inquiries that required follow-up

Safe Community:

- Can we provide flexible hours for community police officers?

A: The schedule and work rules for community police officers are covered by the collective bargaining agreement with Officers and Sergeants.

- Are we considering flexing parking citations to Mobile GR?

A: The Hillard Heintze Staffing and Deployment Study recommended that this be considered. Initial discussions have begun. We will evaluate options and care will be taken in planning and deployment of any changes. Expansion of the use of volunteers for parking citations will be brought forward in June.

- Can we shift responsibility for event pedestrian management to non-sworn personnel (like school crossing guards)?

A: State law limits our flexibility.

Commission inquiries that required follow-up

Health and Environment:

- Biodigestion: What is the schedule?

A: Staff completed an assessment of the project as part of the transition of the Project Manager. Based on the assessment and delivery dates received for the RINS scrubber units, staff will make the necessary adjustments as needed and will provide a detailed report in July of 2019. Award of the contract segment for construction of the RINS will be recommended to City Commission in the near future.

- How much are we investing in lead remediation?

A: We are in the third year of a \$2.9 million Lead Hazard Control grant that will expire October 15. We will reapply for the next round of funding when that application is released. In the Water Fund, we are investing \$1 million in full lead service line replacement. We will carry forward the \$50,000 Third Ward Equity Fund investment in lead outreach and awareness. We are supportive of investment by other partners including Kent County and their recent addition of two lead investigators. We will work with local and state partners on development of legislation to facilitate investment in lead remediation.

Commission inquiries that required follow-up

Governmental Excellence:

- Should we consider setting new policy targets for GOF and BSF reserves?

A: Fiscal staff have begun a review of financial policies following consultation with bond rating agencies regarding the most meaningful improvements. Projections for FY2020-24 have been revised to maintain a 15% GOF fund balance throughout the planning period. Fund balance policy will be considered and recommendations will be brought forward during the fiscal year.

- When will the Calder Stabile be restored?

A: The Calder will be restored this fall following the end of the festival season in mid to late September. The project cost is estimated at \$300,000 and will take up to 8 weeks. Engineering staff is coordinating with the Calder Foundation on the restoration.

Commission inquiries that required follow-up

Economic Prosperity and Affordability:

- Could we consider the parks porta-potty solution for Heartside?

A: This may have application and will be reviewed with other year-round alternatives.

Mobility:

- Will we be issuing an RFP for e-scooters and bike share?

A: City staff is developing a request for proposals (RFP) for both e-scooters and bike share. The Bicycle Action Plan is scheduled for City Commission consideration in June. The RFP timeline will be finalized after its adoption.

- Will the City invest in May Mobility service in FY2021?

A: The City invested \$250,000 in FY2019 to support the pilot project with private partners. Service to the public is expected to begin in July of 2019. This is the first pilot of connected and autonomous vehicles in GR. The results will provide information to evaluate future investment.

Financial Revisions on May 14, 2019

Discussion

Update on Consideration of Proposed Rates

Two proposed rates were introduced on May 7:

- Proposed Residential Rate
- Proposed Parking Maximum Rate

Residential Parking Rate

- Engagement continues with notification of stakeholders and wait-list customers of consideration of the rate and invitation to the May 14 Public Hearing on the Budget
- Consideration of Adoption on May 21

Parking Maximum Rate

- Subject project approved by Planning Commission on May 9
- A Community Benefit Plan was submitted and contains value that exceeds the proposed rate
- Recommend acceptance of proposed Community Benefit Plan on May 21
- Recommend deferral of further action on the parking maximum rate and referral of the concept to the Parking Master Plan process of the Equitable Economic Development Plan

Financial Revisions on May 14, 2019

Discussion

FY2020 Budget Review Schedule

- ✓ Tuesday, April 23 Introduction of the FY2020 Preliminary Fiscal Plan (9:30 am)
- ✓ Tuesday, April 30 Budget Review (9:00 am-Noon)
 - Health and Environment, Governmental Excellence, Engaged and Connected Community
 - Equity, Capital
- ✓ Tuesday, May 7 Budget Review (9:00 am-Noon)
 - Economic Prosperity and Affordability, Mobility, Safe Community
- Tuesday, May 14 Committee of the Whole Discussion (9:30 am)
Public Hearing at City Commission (7:00 pm)
- Tuesday, May 21 Committee of the Whole Deliberation (9:30 am)
City Commission Adoption (7:00 pm)
- Thursday, May 23 If Needed (1:00 – 5:00 pm)



Questions?